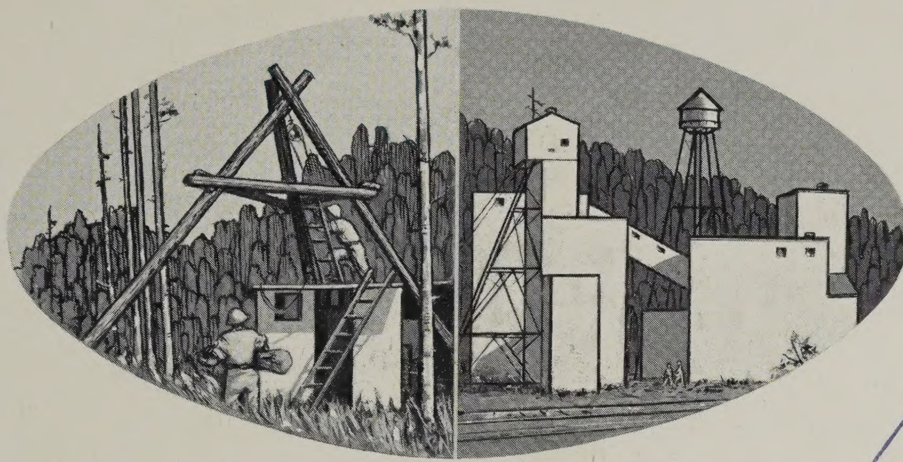
9th ANNUAL REPORT

for the year ended December 31, 1969



MACASSA GOLD MINES LIMITED

including a copy of the Annual Report of

RENABIE MINES LIMITED

and

MILTON QUARRIES LIMITED

ASSOCIATE THE LITTLE LONG LAC GOLD MINES LIMITED

MACASSA GOLD MINES LIMITED

DIRECTORS AND OFFICERS:

JOHN D. BRYCE, *President and Director*
TORONTO, ONTARIO.

R. C. STANLEY, JR., *Vice-President and Director*
NEW YORK, N.Y.

JOHN C. L. ALLEN, *Director*
TORONTO, ONTARIO.

P. A. ALLEN, *Director*
TORONTO, ONTARIO.

P. K. HANLEY, *Director*
TORONTO, ONTARIO.

C. C. HUSTON, *Director*
TORONTO, ONTARIO.

M. R. MACPHERSON,
Mine Manager and Director
KIRKLAND LAKE, ONTARIO.

A. G. WILSON, *Secretary-Treasurer*
TORONTO, ONTARIO.

TRANSFER AGENT AND REGISTRAR

NATIONAL TRUST COMPANY, LIMITED,
TORONTO, ONTARIO.

AUDITORS:

THORNE, GUNN, HELLIWELL & CHRISTENSON
TORONTO, ONTARIO.

ANNUAL MEETING:

May 12th, 1970, 11:45 A.M., Toronto Time
Boardroom, Suite 400, 112 King Street West, Toronto

PRESIDENT'S REPORT

To the Shareholders of
MACASSA GOLD MINES LIMITED

Your directors submit herewith the 9th annual report of your company, for the year ended December 31st, 1969, comprising the report of the mine manager, the financial statements and the auditors' report thereon.

You will note from the statement of income and retained earnings that the operating profit at the mine decreased in 1969 to only $10,306., as compared to $366,539. in 1968. This was due to a lower tonnage of ore treated, and lower grade. The lower tonnage was due entirely to lack of miners and it is becoming increasingly difficult to attract men to work in the mine. The nucleus of our work force are over 50 years of age, and naturally every year their efficiency decreases with increased age; also, due to the depth of the workings, a significant portion of the employees are employed in merely moving the broken rock to the surface.

Pumping the water from all the mines in Kirkland Lake cost an additional $63,008. over and above normal costs.

728 feet of new ore, grading .45 oz. per ton over an average width of 6.3 feet, was developed during the year. However, ore reserves dropped approximately 65,500 tons.

Every effort is being made to increase the tonnage treated and to improve the performance in 1970.

Renabie Mines suffered an operating loss in 1969 and is being phased out of production. It will close within the next two or three months.

Due to the low operating profit, there were no more dividends paid by your company during the year, after the 3¢ per share paid in January.

During the year, your company spent $159,012. on its wholly-owned nickel deposit in Limerick Township in Southeastern Ontario. Additional geophysical surveys and diamond drilling made up the bulk of this expenditure. To date we have outlined by drilling 3,894,400 tons grading .825% Ni, .253% Cu, and .054% Co to the 1100-foot horizon. The ore body is still open to depth and has widths up to 50 feet in sections. At the present time, metallurgical test work is being done with a view to establishing an economic flow sheet. When this work is completed, a feasibility study will be made of the projection with a view to bringing it into production. It is thought the deposit is amenable to blast hole stoping and ramp mining.

Included with this report is the report of the exploration manager of Long Lac Mineral Exploration Limited, in which your company holds a 10% participating interest.

Since your company continues to hold the majority of the issued shares of Renabie Mines Limited and Milton Quarries Limited, the annual reports of both those companies for 1969 are included. It is the intention of your company later this year to make an offer for the remainder of the outstanding stock of those companies so that they would in effect become wholly-owned subsidiaries of your company. With regard to Milton Quarries Limited, it is involved in litigation, the results of which may or may not have an effect on the financial results included in this report.

We are glad to take this opportunity of expressing our appreciation for the way Mr. MacPherson and his employees have conducted the operation in the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 2, 1970.

AUDITORS' REPORT

To the Shareholders of
Macassa Gold Mines Limited

We have examined the balance sheet of Macassa Gold Mines Limited as at December 31, 1969 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving effect in that year to the change in accounting practice, to which we approve, as explained in note 6 to the financial statements.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 20, 1970.

MACASSA GOLD

(Incorporated und

Balance Sheet -

(with comparative figur

ASSETS

	1969	1968
CURRENT ASSETS		
Cash	$ 14,174	$ 39,516
Short term deposits	1,818,686	1,192,124
Bullion, at net realizable value	114,259	176,589
Marketable securities, at cost less allowance for decline in market value of $145,000 in 1969 (quoted market value 1969, $847,000; 1968, $1,414,470)	845,562	1,064,991
Accounts receivable	25,833	12,036
Receivable from associated companies		75,478
Amount receivable under the Emergency Gold Mining Assistance Act	183,464	202,454
Prepaid expenses	18,557	7,262
Supplies, at average cost	226,161	253,914
	3,246,696	3,024,364
INVESTMENTS IN OTHER COMPANIES (note 2)	2,261,491	2,150,394
FIXED ASSETS, at cost		
Buildings, machinery and equipment	538,704	526,404
Less accumulated depreciation	247,364	215,064
	291,340	311,340
Mining properties, Kirkland Lake Area, Ontario	1,632,460	1,632,460
Gravel pit property — County of Halton, Ontario	150,300	150,300
	2,074,100	2,094,100
OTHER ASSETS AND DEFERRED EXPENDITURES		
Exploration expenditures deferred	190,561	5,143
Other items	40,990	53,230
	231,551	58,373
	$7,813,838	$7,327,231

MINES LIMITED

(...e laws of Ontario)

...December 31, 1969

(... December 31, 1968)

LIABILITIES

	1969	1968
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 292,790	$ 317,735
Taxes payable		18,810
Dividends payable		91,310
	292,790	427,855
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 4,000,000 shares of $1 each		
Issued — 3,043,664 11/15 shares	3,043,665	3,043,665
Contributed surplus	1,566,812	1,566,812
Retained earnings	2,910,571	2,288,899
	7,521,048	6,899,376
	$7,813,838	$7,327,231

Approved by the Board:

J. D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

MACASSA GOLD MINES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Operating Revenue		
Bullion recovery	$1,567,585	$2,005,838
Assistance under the Emergency Gold Mining Assistance Act	422,330	398,446
	1,989,915	2,404,284
Operating Expenses		
Mine development	240,150	237,145
Mining	959,976	1,009,317
Milling	295,719	296,891
Marketing expenses	8,589	12,263
Mine office and supervision	64,196	63,388
General expenses at the property	325,036	314,394
Administrative and corporate expenses	85,943	85,766
Ontario mining tax		18,581
	1,979,609	2,037,745
Operating Profit, before the undernoted items	10,306	366,539
Deduct		
Depreciation	32,364	34,942
Outside exploration	8,863	13,494
	41,227	48,436
	(30,921)	318,103
Other Income		
Income from investments	201,445	150,910
Sundry	3,331	3,588
	204,776	154,498
Income before extraordinary items	173,855	472,601
Extraordinary items		
Gain on investments sold	592,817	115,653
Deduct		
Provision for severance pay		73,707
Allowance for decline in value of marketable securities	145,000	
	447,817	41,946
Net income for the year	621,672	514,547
Retained earnings at beginning of year	2,288,899	1,956,972
	2,910,571	2,471,519
Deduct dividends		182,620
Retained earnings at end of year	$2,910,571	$2,288,899

MACASSA GOLD MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Source of Funds		
Income before extraordinary items	$ 173,855	$ 472,601
Add depreciation not involving cash outlay	32,364	34,942
	206,219	507,543
Payment on advances to subsidiary and associated companies	95,821	177,036
Sale of shares in associated companies	311,866	63,238
Sale of shares in subsidiary companies	38,810	
Gain on sale of marketable securities	432,700	87,535
Other items	12,240	56,004
	1,097,656	891,356
Application of Funds		
Allowance for decline in value of marketable securities	145,000	
Purchase of machinery and equipment	12,364	25,979
Dividends		182,620
Provision for severance pay		73,707
Purchase of shares in associated companies	112,513	8,545
Advances to subsidiary companies	64,850	
Purchase of shares in subsidiary companies	14,537	
Other companies		
Purchases of shares	149,274	
Reclassification from current assets	56,303	
Exploration expenditures deferred	185,418	5,143
	740,259	295,994
Increase in working capital	357,397	595,362
Working capital at beginning of year	2,596,509	2,001,147
Working capital at end of year	$2,953,906	$2,596,509

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. SUBSIDIARY COMPANIES

The financial statements of two of the subsidiary companies, Renabie Mines Limited and Milton Quarries Limited, have not been consolidated with those of the parent company as it is considered more informative to present separate financial statements of these companies.

The company's proportion of the loss less profit of Renabie Mines Limited and Milton Quarries Limited for 1969 amounts to $63,244 (losses for 1968, $38,909) and its proportion of the aggregate undistributed profits earned since acquisition of their shares amounts to $228,670 no part of which has been taken into the financial statements of the parent company.

2. INVESTMENTS IN OTHER COMPANIES

	1969	1968
Subsidiary companies		
Shares, at cost or nominal value		
Renabie Mines	$ 482,151	$ 482,151
Milton Quarries	411,249	411,249
Jerd Petroleums		1
	893,400	893,401
Advances	720,982	751,953
	1,614,382	1,645,354
Associated companies		
Shares, at cost (quoted market value 1969, $380,355; 1968, $946,300)	430,123	493,631
Other companies		
Shares, at cost (quoted market value 1969, $145,250)	216,986	11,409
	$2,261,491	$2,150,394

3. OTHER STATUTORY INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees) as defined by The Corporations Act was as follows:

	From Macassa Gold Mines Limited		From Unconsolidated Subsidiary Companies	
	1969	1968	1969	1968
Directors and officers	$ 37,200	$ 37,200	$ 11,867	$ 12,200
Mine employees	51,540	42,620	Nil	Nil
Total	$ 88,740	$ 79,820	$ 11,867	$ 12,200

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1969

4. Income Taxes

No income taxes were payable in 1969 as a result of claiming for tax purposes depletion and exploration expenditures deferred in the accounts. No income taxes were payable in 1968 as a result of claiming for tax purposes, depletion and a portion of prior years' losses.

At December 31, 1969 the company has available as a deduction against future income for tax purposes

(a) losses for tax purposes caused by depletion in prior years $450,000 and

(b) amounts charged in the accounts in prior years but not yet claimed for tax purposes $4,700,000.

5. Capital Stock

The company has granted employee incentive stock options on 65,000 shares at $1.66 per share exercisable on a cumulative proportionate basis to 1973.

6. Change in Accounting Practice

In 1969 the company changed its practice so as to reflect the gain or loss on sale of investments in the calculation of net income for the year. Previously these items were shown in retained earnings. The 1968 figures have been restated to reflect this change in accounting practice.

MINE MANAGER'S REPORT

Mr. J. D. Bryce, President,
and Directors,

January 30th, 1970

Macassa Gold Mines Limited,
Macassa Division,
Suite 400,
112 King Street West,
Toronto 1, Ontario.

Gentlemen:

Herewith is submitted for your consideration, a report on the operations of the Macassa Division for the year 1969.

PRODUCTION

	1969	1968	1967
Gross	\$1,567,585	\$2,005,838	\$1,824,218
Tons Milled	86,265	104,408	108,331
Recovery per Ton	\$18.17	\$19.21	\$16.84

Average prices, in Canadian Funds, per Troy ounce gold and silver were \$37.69 and \$1.93. These prices in 1968 were \$37.70 and \$2.33.

Estimated assistance under the Gold Mining Assistance Act is \$422,330.

MILLING

The calendar day average tons milled was 236 and 86,265 tons of ore were milled. The total recovery of contained values was 94.6%.

For 1968 these figures were 250, 104, 408 and 94.4%. Bullion recovered and markets comprised 41,210 Troy ounces of gold and 7,497 Troy ounces of silver.

From the start of milling operations in 1933, 4,374,905 tons of ore have been milled, from which 1,849,874 ounces of gold and 297,796 ounces of silver have been extracted. Total recovered value from this ore amounts to \$67,283,830 and is equal to \$15.38 per ton.

DEVELOPMENT

The orderly development of the mine was continued and three exploration drives to the east on the '04 Break were made. These were on the 47-04, 49-04 where one ore shoot was found, and on the 64-04.

In the block of ground from the 6300 to the 6725′ levels exploration of the '04 Break was done to the west. It was found that the '04 Break flattened in dip between the 6300′ and 6450′ Levels going west. This moved the openings on the 6450 and 6575 (development to date) south closer to the south boundary of Macassa and thus shortened the strike length of the '04 Break in the Company's ground.

Diamond drilling on the 6450 and 6575 returned a new flat dipping barren break north of the '04 which is cutting down at a lower dip to the southeast than the '04 Break. More work is required to assess this break. From one exposure in drifting on the 6575′ Level it appears to make up as part of the major break pattern.

For the year 728 lineal feet of new ore grading 0.45 ounces per ton over an average width of 6.3 feet was developed.

DEVELOPMENT SUMMARY

Year	Sinking	Sinking Equivalent	Drifting	Crosscutting	Raising	Diamond Drilling
1969	—	—	4,463′	216′	1,288.5′	10,412′
1968	—	—	4,662′	374′	1,631.5′	7,678′
1967	—	8′	2,682.5′	1,303.5′	1,567′	8,326′
Mine to Date	11,863′	1,469′	203,499′	60,829′	42,787′	499,536′

ORE RESERVES

The technical estimate of the ore reserves based on sampling, diamond drilling and the extension of known veins from stoping operations, as of December 31st, 1969 is:

Unbroken	Positive	Probable	Total
Tonnage	232,900	140,500	373,400
Grade ozs./ton	0.4490	0.4252	0.4400
Value Gold @ $35.00	$15.72	$14.88	$15.40
Broken			
Tonnage	19,769		
Grade ozs./ton	0.3695		
Value Gold @ $35.00	$12.93		

Note: 1. Dilution factor of 10% applied to grade only.

2. Classed as inaccessible and not included in the above figures 32,700 tons grade 0.3783 ozs./ton. This figure was increased by 5,700 tons grading 0.3826 ozs. per ton during 1969.

Change in position during 1969

Unbroken reserve is down	61,200 tons
Broken reserve is down	4,390 tons
Total reserves are down	65,590 tons

MINING

Stoping was continued using standard practises for ground control. With high labour turnover the number of stope crews decreased and a 11.5% decrease in tonnage from stopes was experienced. Filled and/or timbered working places produced 70% of the stope break of 79,675 tons and 25,458 tons of backfill were placed.

The training scheme set up under the Dept. of Labour was renewed for a further period of one year. The scheme has helped to produce and retain some competent men.

WATER CONTROL

Total cost of pumping water from the Kirkland Lake mines for the year was $63,808.

Of this total power cost $54,539, rewind of one motor plus coils $3,500, with the balance being maintenance charges.

OPERATING COSTS

	1969		1968	
	Tons Milled	Ounces Produced	Tons Milled	Ounces Produced
	86,265	41,210	104,408	52,671
	Cost Per Ton	Cost Per Ounce	Cost Per Ton	Cost Per Ounce
Development	$ 3.365	$ 7.044	$ 2.801	$ 5.553
Mining	13.452	28.159	11.926	23.640
Milling	4.212	8.817	3.608	7.152
Undistributed Mine Operating Expense	.922	1.930	.889	1.761
	$ 21.951	$ 45.950	$ 19.224	$ 38.106
Add:				
Depreciation	.375	.784	.335	.663
Ontario Mining Tax	—	—	.178	.353
Head Office Administration	.996	2.086	.821	1.628
	$ 23.322	$ 48.820	$ 20.558	$ 40.750

MAJOR OPERATING EXPENDITURES

	1969	1968
Wages and Salaries	$ 1,132,216.73	$ 1,236,458.00
Supplies and Services	566,954.00	592,659.00
Power (Hydro)	163,222.99	105,584.00

CAPITAL EXPENDITURES

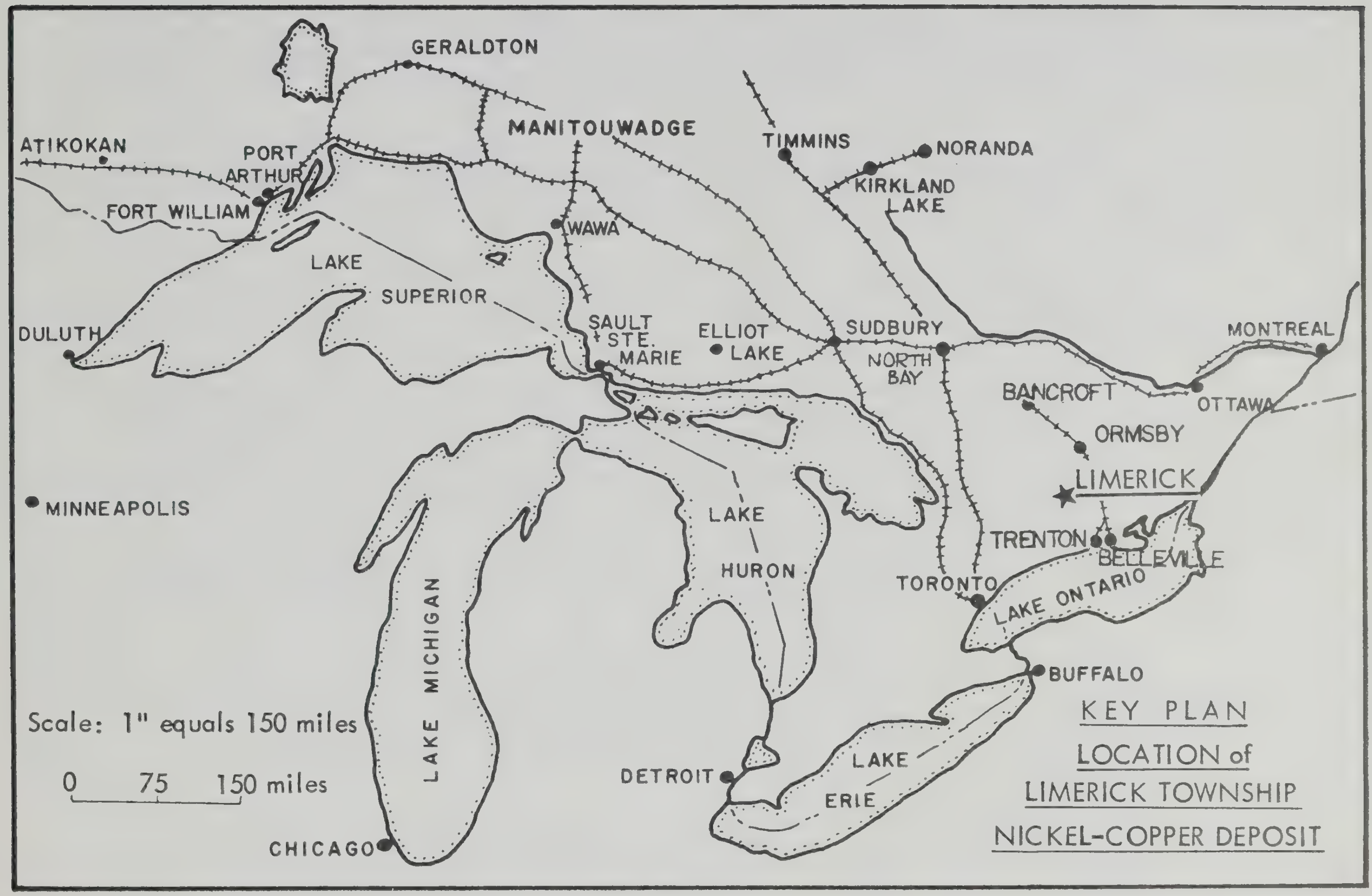
Total expenditures were $12,440. This amount was for new furnace office building ($2,476), one skilsaw ($128), two rock drills ($1,440), mine cars and locomotives ($5,182), one vent fan and dust equipment steel shop ($291), one 40 C/F Aluminum and steel skip bucket ($2,922) for No. 2 Winze.

ACKNOWLEDGEMENT

The co-operation of all employees, the loyalty and work of the staff, and the support of the President and Board of Directors are sincerely acknowledged.

M. R. MacPHERSON, P.Eng.,
Mine Manager.

MACASSA GOLD MINES LIMITED



To the Shareholders
LONG LAC MINERAL EXPLORATION LIMITED

Submitted herewith is a report covering the activities of your Company for the year ended December 1969.

In the Company's second year of operation the tempo of exploration was increased considerably. Expenditure rose from $168,000 in 1968 to $346,000 in 1969. Company resources were concentrated on specific projects, although participation continued in several exploration grubstakes and ventures. A total of 182 property submissions were evaluated and investigated.

Search for gas and oil continues with participation in three programmes. The exploration is based on new geological-geophysical concepts. Field surveys and land leasing have been completed in two programmes. A Devonian test well was drilled in central Michigan to a depth of 3,525 feet. This hole, while yielding nothing of commercial significance, is valued as a technical success and will prove useful in determining the site of future wells.

Three large blocks of claims were acquired on the extension of the Thompson Nickel belt in Manitoba. The Northern block comprising 49 claims was explored under a working option by Amax Explorations Inc., with disappointing results. Considerable information now exists on all these claims and this data will be reassessed in the light of current developments.

Following Selco Exploration Company's base metal find in N.W. Ontario 212 claims were staked in the Uchi Lake area. Airborne surveys have been completed and results are generally disappointing. However, three excellent conductors have been outlined on the old Uchi Lake Gold Mines ground which is now owned by The Little Long Lac Gold Mines Limited. Your Company has 20 claims tied on to this property's Eastern boundary. Ground control lines are presently being cut over each anomaly. Detailed surveys will be completed to evaluate and pin point the conductors prior to thorough investigation by diamond drilling.

An option was taken on a property containing an old copper mine in Jackson County, North Carolina. Veins of high grade copper were mined intermittently between 1860 and 1930. A reconnaissance geophysical programme has been followed by detailed surveys of the anomalous area and a drilling programme has been started to investigate the better anomalies.

A nickel-copper property West of Fort Frances in N.W. Ontario was optioned in 1968. Previous work indicated the existence of a body of low grade mineralization containing narrow lenses of higher grade ore. The low grade mineralization was bulk sampled for metallurgical tests by large diameter percussion drill holes. Results revealed that concentration was not economically feasible due to an excess of pyrrhotite. However, previous tests of the higher grade ore yielded acceptable recoveries and concentrate grades. Detailed ore reserve calculations and a preliminary feasibility study are currently underway.

An option agreement was made with Big Nama Creek Mines Limited for their copper-zinc property at York Harbour, Newfoundland. Under the terms of the agreement Long Lac Mineral is required to spend $200,000 before December 31, 1970 with an option to spend a further $50,000 before April 1st, 1971. Long Lac Mineral may commit at any time during that period to bring the property into production and thereby earn a 50% interest in it.

A reconnaissance survey over most of the property was followed by a detailed geophysical survey of the most favourable area. Results indicate several excellent anomalies in the zone containing the known ore bodies. A diamond drill programme comprising 13 holes, totalling 5,247 feet, intersected minor economic sulphides in several holes.

Rehabilitation of the old shaft and workings was completed with local miners. A 1,000 foot development programme has been started by mining contractors R. S. Fry and Associates. A 10,000 foot drilling programme will commence as soon as adequate underground drilling stations have been developed. An attempt will be made to prove sufficient additional ore to sustain a profitable mining operation.

In closing I wish to express my sincere thanks to the Directors and also to my staff.

Respectfully submitted,

P. D. TIMMS,
Manager.

April 2, 1970.

Twenty-Ninth Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1969

HEAD OFFICE:
Suite 400, 112 King Street West,
Toronto 1, Ontario

MINE OFFICE:
Renabie, Ontario

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario

R. C. STANLEY, JR., *Vice-President*
New York, N.Y.

A. G. WILSON, *Secretary-Treasurer*
Toronto, Ontario

DIRECTORS:

JOHN C. L. ALLEN	Toronto, Ontario
P. A. ALLEN	Toronto, Ontario
J. D. BRYCE	Toronto, Ontario
P. K. HANLEY	Toronto, Ontario
C. C. HUSTON	Toronto, Ontario
ROBERT C. STANLEY, JR.	New York, N.Y.

C. S. GREEN, *Mine Manager*
Renabie, Ontario

TRANSFER AGENT AND REGISTRAR:

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

AUDITORS:

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

ANNUAL MEETING:

May 12, 1970, 11.30 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto

PRESIDENT'S REPORT

To the Shareholders of
RENABIE MINES LIMITED

We present herewith the Twenty-Ninth Annual Report of your company, for the year ended December 31, 1969, comprising the report of the mine manager, the financial statements, and the report of your auditors thereon.

During the period, the mill treated 138,540 tons of ore, as compared to 171,452 in 1968, from which was recovered bullion having a gross value of $1,113,700, to which may be added the estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act of $298,700, making a total income derived from the operation of $1,412,401, as compared to $1,774,435 in 1968.

While operating costs were reduced to $1,514,611 from $1,611,020 in 1968, there resulted an operating loss of $102,210. It became evident in the summer of 1969 that the operation was no longer an economic one, and the mine was placed on a salvage basis with all development work curtailed. There was a net loss for the year of $237,357.

Due to the isolated location of the property it became impossible to maintain an adequate work force both in numbers and quality, and since going on a salvage basis this condition has continued to deteriorate. The mine is operating on a month to month basis, but at best will last two or three months.

Diamond drilling has confirmed the downward extension of the ore zone, but under present circumstances it could not be classified as being economic. When the mine is closed, the plant and equipment will be sold.

It is the intention at a later date this year that Macassa Gold Mines Limited, which owns approximately 82% of the issued stock of Renabie, will make an offer for the remainder of the outstanding stock so that in effect Renabie will become a wholly-owned subsidiary of Macassa.

The report of your mine manager contains a review of the operations, and we are glad to take this opportunity of expressing our appreciation of the manner in which Mr. Green and his staff have conducted the operation under such severe conditions.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 2, 1970.

MANAGER'S REPORT

February 12, 1970.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited, for the year ended December 31st, 1969.

Production: The following figures show the production for 1969 with comparable figures for 1968 and 1967:

	1969	1968	1967
Gross Recovery	$1,113,700	$1,393,115	$1,273,591
Tons Milled	138,540	171,452	171,729
Recovery per Ton	$8.04	$8.13	$7.42

The average Mint Settlement value per ounce of Gold was $37.67, compared to $37.68 in 1968. The average price for Silver was $1.94 per ounce. Under provisions of the Emergency Gold Mining Act, it is estimated that the Company is entitled to receive $298,700 for the year, which is $2.15 per ton milled, or $10.27 per ounce recovered, compared to $381,320 for 1968.

Milling: The average tons milled per day in 1969 was 380 compared to 468 in 1968. Bullion recovery comprised 29,085.49 ounces of gold, and 9,257.95 ounces of silver. Recovery for the year averaged 94.8%.

No further work has been done on the semi-automatic density control system for the grinding circuit, due to a shortage of mechanics and all projects cancelled in September are on a salvage basis.

Development: An additional $14,700 was spent on the ore pass system to the 3400 loading pocket.

Ventilation raises were completed from 3100′ level up to the 2600′ level.

The 29 Crosscut South was driven to the ore body on the 2900′ level, and from diamond drill information, there is a minimum of 50,000 tons of 0.25 ounces ore to a maximum of 80,000 tons, above the 2900′ level. This probable tonnage is not included in the ore reserves at the end of the year. No down holes have been drilled below 2900′ level.

The Crosscut on the 3100′ level was driven 1,373′ and there would be a further 700′ to go to the possible ore body.

No ore remains to be pulled on 2400. The 26-R ore body was finished mining except for 4500 tons of 0.2 ounces in the east end of 26-R.W. stope. The sill of 26-R.S. was drilled off with long-holes, and the sill of 26-R.W. remains to be drilled.

The following figures compare development footage for 1969 and 1968.

	1969	1968	Total to Date
Drifting	1,314	1,357	47,342
Crosscutting	1,917	1,726	25,585
Raising	645	1,370	30,868
Shaft Sinking	0	0	3,906
Station Cutting (Shaft Equiv.)	0	0	2,356
Diamond Drilling	12,790	11,320	324,997

Ore Reserves: The position of the ore reserves at the year end after allowing for dilution and without including any ore below the 2600′ level were as follows:

	Tons	Ounces Per Ton
Unbroken Ore	58,280	0.235
Broken Ore	42,745	0.191
TOTAL	101,025	0.204

Operating Costs: The operating and other costs per ton and per ounce of Gold recovered were as follows:

	1969		1968	
	Tons Milled	Ounces Recovered	Tons Milled	Ounces Recovered
	138,540	29,085.49	171,452	36,196.20
	Per Ton	Per Ounce	Per Ton	Per Ounce
Development and Exploration	$ 2.45	$ 11.68	$ 1.88	$ 8.91
Mining	4.29	20.45	4.03	19.09
Milling	3.23	15.35	3.02	14.29
Undistributed Operating Charges including Administration and Head Office	1.27	6.05	.99	4.72
Operating Costs	11.24	53.53	9.92	47.01
Depreciation	.67	3.21	.55	2.61
Provision for Taxes	.07	.33	.07	.32
	$ 11.98	$ 57.07	$ 10.54	$ 49.94

A comparison of Capital Expenditures for 1969 and 1968 is as follows:

	1969	1968
Underground Equipment	$ 6,332	$ Nil
Mill Equipment	11,900	10,352
Surface Equipment	19,856	14,208
Other	13,233	18,140
	$ 51,321	$ 42,700

Labour: There were 517 hirings and 577 separations in 1969 compared to 547 hirings and 541 separations in 1968. The total on payroll December 31st, 1969 was reduced to 120 from previous year end of 180.

Safety: In 1969 the accident frequency decreased to 27 from 30.5 in 1968.

General: The labour situation, and especially the lack of labour hampered every sector of the operation.

On September 15th, the mine was placed on a salvage basis. At the same time, the Masse & Gauthier contract was terminated after an expenditure of $60,025.

I am grateful to the Officers of the Company for their support during the past year. The co-operation of the Mine Staff and Employees is sincerely acknowledged.

Respectfully submitted,

RENABIE MINES LIMITED,

C. S. GREEN,
Mine Manager.

AUDITORS' REPORT

To the Shareholders of
Renabie Mines Limited

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1969 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 6, 1970.

RENABIE MI

(Incorporated unde

Balance Sheet –

(with comparative figure

ASSETS

	1969	1968
Current Liabilities		
Cash	$ 11,142	$ 134,920
Bullion, at net realizable value	142,720	114,376
Accounts receivable	7,747	11,221
Amount receivable under the Emergency Gold Mining Assistance Act	100,584	129,459
Prepaid expenses	13,514	5,734
Supplies, at average cost	288,313	300,706
	564,020	696,416
Fixed Assets, at cost		
Buildings, machinery and equipment	3,276,953	3,268,717
Less accumulated depreciation	2,880,775	2,830,360
	396,178	438,357
Mining properties	77,112	77,112
	473,290	515,469
Other Assets and Deferred Charges		
Shaft sinking and other operating expenditures deferred less amounts written off	43,819	77,369
Special refundable tax		3,429
Shares in affiliated company, at nominal value		1
	43,819	80,799
	$1,081,129	$1,292,684

NES LIMITED

laws of Ontario)

ecember 31, 1969

December 31, 1968)

LIABILITIES

	1969	1968
CURRENT ASSETS		
Accounts payable and accrued liabilities	$ 112,784	$ 153,247
Payable to parent and associated companies	11,203	5,938
Loan from parent company	61,000	
	184,987	159,185
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 1,500,000 shares of $1 each		
Issued — 1,050,005 shares	1,050,005	1,050,005
Less discount on shares	620,455	620,455
	429,550	429,550
Retained earnings	466,592	703,949
	896,142	1,133,499
	$1,081,129	$1,292,684

Approved by the Board:

J. D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Operating Revenue		
Bullion recovery	$1,113,701	$1,393,115
Assistance under the Emergency Gold Mining Assistance Act	298,700	381,320
	1,412,401	1,774,435
Operating Expenses		
Mine development	234,168	172,224
Mining	500,368	587,590
Milling	368,712	430,530
Marketing expenses	7,080	9,479
Mine office and supervision	113,474	106,884
General expenses at the property	256,195	265,818
Administrative and corporate expenses	34,614	38,495
	1,514,611	1,611,020
Operating profit (loss) before providing for the undernoted items	(102,210)	163,415
Other Charges		
Depreciation	93,500	94,500
Proportion of shaft sinking expenditures written-off	51,663	102,106
Interest expense, net	1,750	
	146,913	196,606
	(249,123)	(33,191)
Other Income		
Interest income, net		10,932
Sundry income	8,151	
	8,151	10,932
Loss before extraordinary item	240,972	22,259
Profit on sale of shares in affiliated company	3,615	
Loss for the year	237,357	22,259
Retained earnings at beginning of year	703,949	726,208
Retained earnings at end of year	$ 466,592	$ 703,949

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
Source of Funds		
Operations		
Depreciation and other items not involving cash outlay		$ 196,606
Deduct loss for the year		22,259
		174,347
Proceeds on sale of shares in an affiliated company	$ 3,616	
Special refundable tax	3,429	5,919
	7,045	180,266
Application of Funds		
Loss before extraordinary item	240,972	
Deduct depreciation and other items not involving cash outlay	145,163	
	95,809	
Shaft sinking expenditures	14,706	63,902
Additions to fixed assets	51,321	42,700
Other items	3,407	3,341
	165,243	109,943
Increase (decrease) in working capital	(158,198)	70,323
Working capital at beginning of year	537,231	466,908
Working capital at end of year	$ 379,033	$ 537,231

NOTES TO FINANCIAL STATEMENTS

1. Other Statutory Information

Direct remuneration of directors and senior officers (including the five highest paid employees) as defined by The Corporations Act was as follows:

	1969	1968
Directors and Officers	$ 10,067	$ 12,200
Mine Employees	54,718	54,924
Total	$ 64,785	$ 67,124

2. Change in Accounting Practice

In 1969 the company changed its practice so as to reflect the gain or loss of investments in the calculation of net income for the year. Previously in 1967 such amounts were shown as retained earnings' items.

MILTON QUARRIES LIMITED

Report

December 31st, 1969

HEAD OFFICE
Suite 400, 112 King St. West
Toronto, Ontario.

QUARRY OFFICE
Milton, Ontario.

DIRECTORS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

P. A. ALLEN
Toronto, Ontario.

P. K. HANLEY
Oakville, Ontario.

JOHN C. L. ALLEN, *Vice-President*
Toronto, Ontario.

ROBERT C. STANLEY, JR.
New York, N.Y.

A. GEORGE WILSON, *Secretary-Treasurer*
Toronto, Ontario.

MILTON QUARRIES LIMITED

PRESIDENT'S REPORT

To the Shareholders of
MILTON QUARRIES LIMITED

We present herewith the report of your company for the year ended December 31, 1969, together with accompanying statements as of that date and the report of the auditors thereon.

Operations at the quarry proceeded throughout the year at a slightly increased rate as compared to 1968. While sales were higher, costs were greater due to increased labor rates. However, these were offset to some degree by the reduction of overtime work.

Prices remained fairly firm throughout the year.

After provision for payment of interest of $44,033. and depreciation write offs of $90,123., the result was a net profit of $178,033. as compared to a net loss of $27,275. in 1968.

During the year, approximately $50,000. loaned by the parent company was repaid. $207,000. was spent on capital account for additions and replacements to the present plant and equipment.

Your company is involved in litigation at the present time which may or may not affect the figures presented in this report.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 2, 1970.

MILTON QUARRIES LIMITED

AUDITORS' REPORT

To the Directors of
MILTON QUARRIES LIMITED

We have examined the balance sheet of Milton Quarries Limited as at December 31, 1969 and the summary of income and deficit and the statement of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to any adjustment that may result from the matter set out in note 1, these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada
March 4, 1970

MILTON QUARRIES LIMITED

(Incorporated as a private company under the laws of Ontario)

Balance Sheet — December 31, 1969

(with comparative figures at December 31, 1968)

ASSETS

	1969	1968
Current Assets		
Cash	$ 57,668	$ 84,017
Government of Canada bonds, at cost (market value 1969, $2,275; 1968, $3,055)	5,541	5,541
Accounts receivable	418,299	298,220
Inventories of crushed stone and broken rock, at estimated cost	93,162	107,336
Supplies, at cost	33,036	49,925
Prepaid expenses	1,994	5,375
	609,700	550,414
Fixed Assets, at cost		
Land	209,527	209,527
Buildings, plant and equipment	1,657,977	1,502,747
	1,867,504	1,712,274
Less accumulated depreciation and depletion	1,431,119	1,371,081
	436,385	341,193
Deferred Charges and Other Assets		
Drilling and stripping expenditures	47,465	28,316
Prepaid royalties (note 1)	29,995	48,483
Special refundable tax	3,424	4,574
	80,884	81,373
	$1,126,969	$ 972,980

LIABILITIES

	1969	1968
Current Liabilities		
Accounts payable and accrued liabilities	$ 104,129	$ 96,206
Note payable due August 30, 1969		7,602
Income taxes payable	71,456	
Accrued interest on loans	1,132	46,953
	176,717	150,761
Loans payable		
Macassa Gold Mines Limited (parent company)	655,000	705,000
	831,717	855,761
Shareholders' Equity		
Capital stock		
Preference shares, 6% non-cumulative redeemable at par		
Authorized — 9,000 shares of $100 each		
Issued — 4,000 shares	400,000	400,000
Common shares		
Authorized — 100,000 shares of no par value		
Issued — 100,000 shares	15,005	15,005
	415,005	415,005
Deduct deficit	119,753	297,786
	295,252	117,219
	$1,126,969	$ 972,980

Approved by the Board:

J. D. BRYCE, Director.

J. C. L. ALLEN, Director.

MILTON QUARRIES LIMITED

SUMMARY OF INCOME AND DEFICIT

YEAR ENDED DECEMBER 31, 1969
(with comparative figure for 1968)

	1969	1968
Income from operations before the undernoted items	$ 344,004	$ 136,282
Deduct		
Depreciation	90,124	161,623
Depletion	3,847	1,934
	93,971	163,557
Income (loss) before income taxes	250,033	(27,275)
Income taxes (note 2)	72,000	
Net income (loss) for the year	178,033	(27,275)
Deficit at beginning of year	297,786	270,511
Deficit at end of year	$ 119,753	$ 297,786

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1969
(with comparative figure for 1968)

	1969	1968
SOURCE OF FUNDS		
Operations		
Net income (loss) for the year	$ 178,033	$ (27,275)
Items not requiring cash outlay	116,805	163,557
	294,838	136,282
Sale of fixed assets	18,328	2,425
	313,166	138,707
APPLICATIONS OF FUNDS		
Purchase of fixed assets	207,491	23,212
Payment on loans — parent and affiliated companies	50,000	135,000
Decrease in non-current portion of notes payable		7,602
Deferred charges and other assets	22,345	24,376
	279,836	190,190
Increase (decrease) in working capital	33,330	(51,483)
Working capital at beginning of year	399,653	451,136
Working capital at end of year	$ 432,983	$ 399,653

Loans payable to parent and affiliated companies have not been considered as current liabilities in determining working capital.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. PREPAID ROYALTIES

   A municipal by-law enacted in 1968 provides for an increase boundary allowance on the quarry property. Royalties have been prepaid on stone located within the area between the old boundary and the new boundary. At the present time the company is unable to determine the final settlement of the prepaid royalties.

   An action has been commenced against the company in the Supreme Court of Ontario whereby the plaintiff claims certain royalty payments have not been made. The company does not admit any liability in this matter and claims that royalties have in fact been prepaid for stone removed.

2. INCOME TAXES

   The company intends to claim for income tax purposes depreciation in excess of the amount provided in the accounts resulting in income taxes payable in 1969 being reduced by $40,000. At December 31, 1969 depreciation yet to be deducted for tax purposes exceeds by $243,400 the net book value of the related assets.

MACASSA GOLD MINES LIMITED

INFORMATION CIRCULAR
for
Annual Meeting of Shareholders
to be held on May 8, 1969

This Information Circular accompanies the Notice of the Annual Meeting of Shareholders of MACASSA GOLD MINES LIMITED to be held on May 8, 1969, and is furnished in connection with the solicitation by the Management of the Company of proxies for use at the said Meeting. The costs of such solicitation will be borne by the Company. It is planned that the solicitation will be initially by mail but proxies may also be solicited by regular employees of the Company.

A proxy in the form enclosed with the Notice of Meeting (a) confers discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting, and (b) may be revoked at any time before it is exercised. The shares represented by such a proxy will be voted at the meeting.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY ENCLOSED WITH THE NOTICE OF MEETING. SUCH RIGHT MAY BE EXERCISED BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN SUCH FORM OF PROXY.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 3,043,664 shares of the Company outstanding, each of which entitles the shareholder to one vote at any meeting of shareholders.

Shareholders of record on May 8, 1969, the date of the Annual Meeting, are entitled to vote thereat. Those shareholders desiring to be represented at the said Meeting by a nominee must deposit their proxies with the Company at least 48 hours preceding the time of the Meeting.

The directors and senior officers of the Company have been informed that Wright-Hargreaves Mines, Limited owns directly or indirectly 1,496,669 shares of the Company, being approximately 49.2% of the outstanding shares of the Company.

ELECTION OF DIRECTORS

The Management of the Company proposes to nominate the persons listed below for election as directors of the Company, to serve until the next annual meeting of the shareholders of the Company or until their successors are duly elected or appointed, unless any such person is unable to act as a director, in which event a substitute may be nominated by the Management of the Company:—

Name of Proposed Nominee	Other positions and offices with the Company	Period served as a Director of the Company	Approximate Number of shares of the Company beneficially owned, directly or indirectly (1)	Principal occupation or employment
John D. Bryce	President	since 1961	6,103	President, Macassa Gold Mines Limited.

Name of Proposed Nominee	Other positions and offices with the Company	Period served as a Director of the Company	Approximate Number of shares of the Company beneficially owned, directly or indirectly (1)	Principal occupation or employment
Robert C. Stanley, Jr.	Vice-President	since 1961	1	Executive Vice-President, The Little Long Lac Gold Mines Limited.
John C. L. Allen	None	since 1961	1	President, John C. L. Allen Limited, Stockbrokers.
Peter K. Hanley	None	since 1963	1	A Vice-President of John C. L. Allen Limited, Stockbrokers.
Peter A. Allen	None	since 1966	1	A Vice-President of John C. L. Allen Limited, Stockbrokers.
Charles C. Huston	None	since 1961	1,500	Consulting Mining Engineer, Proprietor, C. C. Huston & Associates.
Malcolm R. MacPherson	Mine Manager	since 1967	1	Mine Manager, Macassa Gold Mines Limited.

(1) Note: The number of shares shown above are as reported by the respective nominees.

Mr. John D. Bryce reports that he beneficially owns 200 shares of Renabie Mines Limited and 7,500 shares of Milton Quarries Limited, subsidiary companies.

Mr. Charles C. Huston reports that he beneficially owns 1,000 shares of Renabie Mines Limited.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company (including the 5 highest paid employees) during the Company's last completed financial year was:

Directors and Officers	$ 37,200
Mine Employees	42,620
	$ 79,820

The aggregate direct remuneration paid or payable to the directors and the senior officers of the Company during the Company's last completed financial year by its subsidiary, Renabie Mines Limited, was $12,200.

Since the commencement of the Company's last completed financial year, incentive options to purchase 65,000 shares of the capital of the Company were granted to directors and senior officers of the Company as follows:—

Date of Grant	Number of Shares Optioned	Option Price	Expiry date and other material provisions	Price range of Company Shares for 30 day period preceding Date of Grant	
				HIGH	LOW
June 20, 1968	65,000	$1.66	Option expires 5 years after date of grant and is exercisable 1/5 per year cumulative.	$1.84	$1.70

MANAGEMENT CONTRACTS

The Company has an arrangement with The Little Long Lac Gold Mines Limited, Room 400, 112 King Street West, Toronto 1, Ontario, whereby the Company pays to Little Long Lac a management fee of $2,000 per month for managerial, engineering and secretarial services and head office accommodation provided by Little Long Lac to the Company. The Company paid Little Long Lac $30,000 for management services provided during the 15 month period since the commencement of the Company's last completed financial year.

Under a similar arrangement with The Little Long Lac Gold Mines Limited, subsidiary companies, during the 15 month period since the commencement of the Company's last financial year, paid to Little Long Lac management fees as follows: — Renabie Mines Limited $22,500, Milton Quarries Limited $3,750.

The following are the names and addresses of "Insiders" of The Little Long Lac Gold Mines Limited as defined in The Corporations Act: — Lun-Echo Gold Mines Limited, John Charles Leighton Allen, Peter Ackerman Allen, John Douglas Bryce, Dominic Mathew Giachino, Peter Keith Hanley, Donald Murray Lorimer, Augustus George Wilson, all of Room 400, 112 King Street West, Toronto, Ontario; and Robert Crooks Stanley, Jr., 578 Navesink River Road, Mounted Route #1, Red Bank, New Jersey, U.S.A.

APPOINTMENT OF AUDITORS

The Management of the Company proposes to move the appointment of Thorne, Gunn, Helliwell & Christenson, the Company's present auditors, as auditors of the Company. Thorne, Gunn, Helliwell & Christenson and their predecessor firms, have been auditors of the Company for more than five years.

OTHER BUSINESS

The Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if matters not now known to the Management should come before the Meeting, shares represented by Proxies solicited by the Management will be voted on each such matter in accordance with the best judgment of the nominee voting same.

On Behalf of the Board,

A. G. WILSON,
Secretary.

March 20, 1969.

Printed in Canada